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BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

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AZ CORP COMMISSION
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2012 APR 24 PM 1 58

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
AN ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES BASED THEREON
FOR UTILITY SERVICE BY ITS ANTHEM
WATER DISTRICT AND ITS SUN CITY
WATER DISTRICT.

DOCKET NO. W-01303A-09-0343

Arizona Corporation Commission

DOCKETED

APR 24 2012

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY,
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DETERMINATION OF THE CURRENT FAIR
VALUE OF ITS UTILITY PLANT AND
PROPERTY AND FOR INCREASES IN ITS
RATES AND CHARGES BASED THEREON
FOR UTILITY SERVICE BY ITS
ANTHEM/AGUA FRIA WASTEWATER
DISTRICT, ITS SUN CITY WASTEWATER
DISTRICT AND ITS SUN CITY WEST
WASTEWATER DISTRICT.

DOCKET NO. SW-01303A-09-0343

**STAFF'S RESPONSE TO EPCOR'S
REQUEST TO EXTEND THE DEADLINE
FOR IMPLEMENTATION OF WINTER
AVERAGE RATE DESIGN**

In Decision No. 72047, the Arizona Corporation Commission ("Commission") required Arizona-American Water Company, now doing business as EPCOR Water Arizona, Inc. (the "Company" or "EPCOR"), to implement a rate design for residential customers of the Anthem/Agua Fria Wastewater District based on average water usage in the winter months of January, February and March. On March 5, 2012, the Company filed a request for a one-year extension of time (until June 1, 2013) to implement the new winter average wastewater rate design.

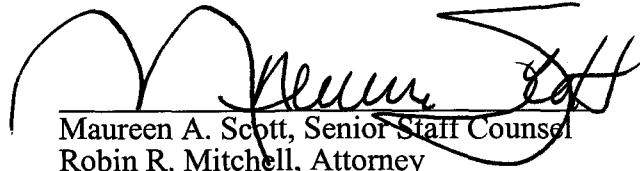
The Company is concerned about customers' level of awareness of and preparedness for the new wastewater rate methodology if it is implemented on June 1, 2012. The Company stated that while it notified residential customers of the impending change in December 2011, the Company strongly believes that more time and additional customer notification and outreach is necessary and appropriate to allow customers time to adequately prepare for the change in the method by which

1 their wastewater bills will be calculated. Based upon its filing, the Company has planned to
2 implement an intensive education and outreach effort prior to the next winter period of January 2013
3 through March 2013, or the period which would be used to determine customer wastewater bills.

4 Based on the Company's filing, Staff agrees with the Company's concern that its customers
5 need further education on this matter and that without the proper outreach and education this new
6 wastewater rate design could cause very serious customer confusion and concern. Therefore, Staff
7 believes the Company should be granted its requested one-year extension of time. However, the
8 Company should be put on notice that no further time extensions should be entertained or granted. In
9 addition, the Company should be required to provide its affected customers with the proper education
10 so that customers are not surprised with their new wastewater bills that will begin on June 1, 2013.

11 Any education and outreach that the Company provides should include a prominent water bill
12 insert that begins no later than October 2012 and continues through at least May 2013. The water bill
13 insert should be a calculation chart whereby the customer can determine what his/her wastewater bill,
14 beginning June 1, 2013 (the effective date of new rates), will be (excluding taxes) if his/her average
15 water usage during January, February and March of 2013 were equal to the water usage of the month
16 in which the bill insert appears. This information should provide the customers with enough
17 information to adjust their January, February, and March 2013 water usage accordingly before the
18 new wastewater rate design is implemented.

19 RESPECTFULLY SUBMITTED this 24th day of April 2012.

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21 
22 Maureen A. Scott, Senior Staff Counsel
23 Robin R. Mitchell, Attorney

24 Legal Division
25 Arizona Corporation Commission
26 1200 West Washington Street
27 Phoenix, Arizona 85007
28 (602) 542-3402

1 Original and thirteen (13) copies
2 of the foregoing filed this
24th day of April 2012 with:

3 Docket Control
4 Arizona Corporation Commission
1200 West Washington Street
5 Phoenix, Arizona 85007

6 Copies of the foregoing mailed
this 24th day of April 2012 to:

7 Judith M. Dworkin
8 Roxanne S. Gallagher
9 Sacks Tierney PA
4250 North Drinkwater Blvd, 4th Floor
10 Scottsdale, Arizona 85251-3693
Attorneys for Anthem Community Council

11 Daniel Pozefsky, Chief Counsel
Residential Utility Consumer Office
1110 West Washington Street, Suite 220
12 Phoenix, Arizona 85007

13 Lawrence V. Robertson, Jr.
14 Post Office Box 1448
Tubac, Arizona 85646-1448
15 Attorney for Anthem Community Council

16 Larry Woods, President
Property Owners and Residents Association
13815 East Camino Del Sol
17 Sun City West, Arizona 85375

18 W.R. Hansen
12302 West Swallow Drive
19 Sun City West, Arizona 85375

20 Greg Patterson
916 West Adams Street, Suite 3
21 Phoenix, Arizona 85007
22 Attorney for WUAA

23 Bradley J. Herrema
Robert J. Saperstein
Brownstein Hyatt Farber Schreck, LLP
24 21 East Carrillo Street
Santa Barbara, California 93101
25 Attorneys for Anthem Golf and Country Club

26 Jeffrey W. Crockett
Brownstein Hyatt Farber Schreck
27 One East Washington Street, Suite 2400
Phoenix, Arizona 85004
28 Attorney for the Resorts

Andrew M. Miller, Esq.
Town of Paradise Valley
6401 East Lincoln Drive
Paradise Valley, Arizona 85253

Norman D. James
Fennemore Craig, PC
3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012
Attorney for DMB White Tank LLC

Larry D. Woods
15141 West Horseman Lane
Sun City West, Arizona 85375

Joan S. Burke, Esq.
Law Office of Joan S. Burke
1650 North First Avenue
Phoenix, Arizona 85003
Attorney for Corte Bella Golf Club

Philip H. Cook
10122 West Signal Butte Circle
Sun City, Arizona 85373

Michele L. Van Quathem
Ryley Carlock & Applewhite
One North Central Avenue, Suite 1200
Phoenix, Arizona 85004-4417
Attorney for Verrado Community
Association, Inc.

Pauline A. Harris Henry
President, Board of Directors
Russell Ranch Homeowners' Association, Inc.
21448 North 75th Avenue, Suite 6
Glendale, Arizona 85308

Frederick G. Botha
Mary L. Botha
23024 North Giovota Drive
Sun City West, Arizona 85375

1 Gary Verburg, City Attorney
Daniel L. Brown, Assistant City Attorney
2 Office of the City Attorney
200 West Washington, Suite 1300
3 Phoenix, Arizona 85003-1611

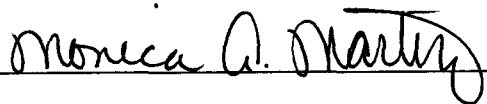
4 Troy Stratman, Esq.
Mack Drucker & Watson, PLC
5 3200 North Central Avenue, Suite 1200
Phoenix, Arizona 85012
6 Attorneys for Corte Bella Country Club
Association, Inc.

7 Desi Howe
8 Anthem Golf and Country Club
2708 W. Anthem Club Drive
9 Anthem, AZ 85086

10 Marshall Magruder
P.O. Box 1267
11 Tubac, AZ 85646

12 Jay Shapiro
Patrick Black
13 Fennemore Craig, P.C.
3003 N. Central Ave., Suite 2600

14 Sun City Grand Community Association
15 Palm Center
19726 N. Remington Drive
16 Surprise, AZ 85374

17
18 
19

20

21

22

23

24

25

26

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